

The complaint

Mr N complains about how Society of Lloyd's handled his claim on his home insurance policy.

What happened

Mr N had a home insurance policy with Society of Lloyd's. In December 2020 there was a fire at his home and he made a claim. The claim was accepted but as the property was of a non-standard construction it was agreed that the original builder and designer of the property would be engaged by Mr N to carry out the work. And Lloyd's would instruct a loss adjuster to oversee the costs and ensure payment is made for insured work.

The work was carried out over the months that followed, however Mr N paid the contractor directly and struggled to recover funds from Lloyd's. In August 2021 he made a complaint. He said the delayed payments had left him considerably out of pocket and Lloyd's hadn't previously explained that it required further detail about the works in order for payment to be made.

Lloyds didn't uphold the complaint. It said it was only liable to pay for insured work and not additional works Mr N had decided to have carried out at the same time. It said for this reason, it required detailed invoices when payment is requested so it could be clear which costs were being paid, and that they were covered under the policy.

Mr N was unhappy with this and brought his complaint to this service.

Since the complaint came to us, Mr N has confirmed that he's satisfied that all required payments have now been made by Lloyd's. However he remains unhappy with how the claim was handled and that payments were delayed. He says that he had to instruct a solicitor to seek recovery of the outstanding costs and thinks Lloyd's should reimburse him for the fees.

Our investigator considered the issues and recommended the complaint be upheld. He said he agreed there had been some delay in the payment of the claim costs which had caused Mr N some distress and inconvenience. He thought Lloyd's should pay £250 compensation to apologise for this. However he didn't think it should reimburse Mr N for his legal cost as it was his choice to instruct a solicitor.

Lloyds' didn't agree that any compensation was due. It said the delays in payment were due to Mr N's contractor and not its loss adjuster. Mr N still thought his legal costs should be covered, as he only sought legal advice due to the fact Lloyd's communication was so unclear.

As agreement hasn't been reached, the complaint has come to me to decide

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and

reasonable in the circumstances of this complaint.

Delays and service

I can see this has been a very distressing time for Mr N and his family. They've had to stay away from home in various locations while the repairs are carried out and have had to put up with temporary facilities for some time. They've also had further problems with lingering smoke smells since they've returned. This has been particularly challenging due to the additional caring needs of his son.

When considering this complaint I can only consider the aspects of the claim that Lloyd's were responsible for. Rather than any distress caused by the claim itself or by contractors that weren't appointed by Lloyd's. So while I can see the claim was a very distressing and inconvenient time for Mr N and his family, I am only able to ask Lloyd's to pay compensation for any additional distress caused by its actions.

Mr N's property is of a non-standard construction and due to this repairs were carried out by the original contractor responsible for the build, rather than a contractor appointed by Lloyd's. In situations such as this, it's usual that the insurer will instruct a loss adjuster to sign off the works and ensure payment is made for all insured elements. And this is the process that was followed here.

As part of the claim, Lloyd's are only obliged to pay for what is covered under the policy. It's therefore important that it is clear what work is being claimed for each time a payment request is made, so it can be sure the work is covered under the policy. Here Mr N had said that he was also going to carry out additional work to improve his property, on top of the claim related repairs. And because of this it was even more important that Lloyd's was provided with the full detail of the work before making payment, as it wouldn't be liable for all the costs.

I can see that when payment was initially requested, very little detail was provided about what work the payment was for. And this meant it wasn't possible for Lloyd's to know if it fell within the limit of its liability. This is why some payments were delayed and I don't consider this to be unreasonable.

However Mr N has said that Lloyd's didn't make it clear that this was what was needed in order for payment to be made. This process is usual for insurers when validating claim costs and I'd expect Mr N's contractor to have been aware of these requirements. As it was the contractor who failed to provide enough detail, I can't hold Lloyd's responsible for this.

Having said this I think Lloyd's could have been clearer with Mr N about the reasons why the payments were being delayed. And if it had, Mr N could have assisted in getting the required level of detail and the payments may have been made more promptly. Because this didn't happen Mr N had to continually chase Lloyd's and was left without being reimbursed large sums of money, for some time. This would have added to the distress and inconvenience of an already stressful claim. Based on this, I agree with our investigator that Lloyd's should pay £250 compensation to make up for this.

Legal costs

Mr N has explained that he's had to instruct a solicitor in order to assist him with getting reimbursement for the work in this claim. And this has cost him nearly £2,000. While I understand why Mr N sought this advice and support, it was his choice to do so. And wasn't an essential cost relating to the claim. It therefore wouldn't be fair to ask Lloyd's to cover these additional fees.

My final decision

For the reasons I've given, I uphold Mr N's complaint and direct Society of Lloyd's to pay him £250 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 20 April 2023.

Sophie Goodyear
Ombudsman